

MOTHERS AGAINST DRUNK DRIVING

**FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

DECEMBER 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 24 2012**

MOTHERS AGAINST DRUNK DRIVING

DECEMBER 31, 2011

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Lane Gorman Trubitt, PLLC
Accountants & Advisors

Report of Independent Certified Public Accountants

To the Board of Directors
Mothers Against Drunk Driving

We have audited the accompanying statement of financial position of Mothers Against Drunk Driving ("MADD") as of December 31, 2011, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the period from July 1, 2011 to December 31, 2011 (the "Period"). These financial statements are the responsibility of MADD's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MADD as of December 31, 2011, and the changes in its net assets and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated June 25, 2012, on our consideration of MADD's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

LANE GORMAN TRUBITT, PLLC

Dallas, Texas
June 25, 2012

Mothers Against Drunk Driving
STATEMENT OF FINANCIAL POSITION
December 31, 2011

ASSETS

Cash and cash equivalents	\$ 11,707,862
Investments, at fair value	8,390,000
Trade accounts receivable, net of allowance for doubtful accounts of \$100,000	289,120
Grants receivable	2,022,990
Contributions receivable, net of unamortized discount of \$815	272,794
Prepaid expenses and other	535,901
Literature and supplies inventory	356,788
Property and equipment, net	<u>59,093</u>
 Total assets	 <u>\$ 23,634,548</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 28,041
Accrued liabilities	2,129,201
Deferred revenue	<u>33,934</u>
Total liabilities	2,191,176

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Unrestricted	20,530,854
Temporarily restricted	902,518
Permanently restricted	<u>10,000</u>
Total net assets	<u>21,443,372</u>
 Total liabilities and net assets	 <u>\$ 23,634,548</u>

The accompanying notes are an integral part of these financial statements.

Mothers Against Drunk Driving
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Period ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2011
REVENUES				
Contributions				
Individuals	\$ 5,721,485	\$ 6,337	\$ -	\$ 5,727,822
Corporations	1,483,612	853,562	-	2,337,174
Foundations	152,314	15,969	-	168,283
In-kind	702,684	-	-	702,684
Grants				
Government	4,347,090	5,000	-	4,352,090
Foundations	5,444	-	-	5,444
Special events	40,809	-	-	40,809
Cost of direct benefits to donors	(20,373)	-	-	(20,373)
Net special events	20,436	-	-	20,436
Other revenue				
Investment income	22,157	-	-	22,157
Victim impact panels	2,800,286	-	-	2,800,286
Licenses, promotions and other	1,281,350	-	-	1,281,350
Total contributions, grants, special events and other revenue	16,536,858	880,868	-	17,417,726
Net assets released from restrictions	942,999	(942,999)	-	-
Total revenues	17,479,857	(62,131)	-	17,417,726
EXPENSES				
Program services				
Community programs	12,724,701	-	-	12,724,701
Field services	1,509,291	-	-	1,509,291
Total program services	14,233,992	-	-	14,233,992
Supporting services				
Management and general	1,762,367	-	-	1,762,367
Fund-raising	2,007,290	-	-	2,007,290
Total supporting services	3,769,657	-	-	3,769,657
Total expenses	18,003,649	-	-	18,003,649
CHANGE IN NET ASSETS, BEFORE PROVISION FOR FEDERAL INCOME TAX	(523,792)	(62,131)	-	(585,923)
Provision for federal income tax	(36,183)	-	-	(36,183)
CHANGE IN NET ASSETS	(559,975)	(62,131)	-	(622,106)
NET ASSETS AT BEGINNING OF YEAR	21,090,829	964,649	10,000	22,065,478
NET ASSETS AT END OF YEAR	\$ 20,530,854	\$ 902,518	\$ 10,000	\$ 21,443,372

The accompanying notes are an integral part of these financial statements.

Mothers Against Drunk Driving
STATEMENT OF FUNCTIONAL EXPENSES
Period ended December 31, 2011

	Program services		Supporting services			Total 2011
	Community programs	Field services	Total	Management and general	Fund-raising	Total
Printing, publications, and related materials	\$ 1,826,649	\$ 180,561	\$ 2,007,210	\$ 13,306	\$ 349,633	\$ 362,939
Postage	809,175	13,536	822,711	6,846	311,640	318,486
Telephone	159,184	15,387	174,571	8,118	1,597	9,715
Salaries, benefits, and related taxes	6,193,955	831,431	7,025,386	1,192,352	429,488	1,621,840
Data management	205,645	-	205,645	-	83,337	83,337
Occupancy	857,823	112,164	969,987	117,074	79,379	196,453
Professional fees	1,114,480	146,700	1,261,180	137,392	629,038	766,430
Special events - indirect costs	-	-	-	-	4,341	4,341
Conferences and workshops	272,690	12,551	285,241	5,394	712	6,106
Travel	401,170	95,043	496,213	24,266	24,026	48,292
Office expense and maintenance	428,951	64,100	493,051	112,215	13,224	125,439
Depreciation and amortization	13,191	3,156	16,347	15,542	-	15,542
Insurance	38,130	10,630	48,760	59,762	259	60,021
Other	403,658	24,032	427,690	70,100	80,616	150,716
	<u>\$ 12,724,701</u>	<u>\$ 1,509,291</u>	<u>\$ 14,233,992</u>	<u>\$ 1,762,367</u>	<u>\$ 2,007,290</u>	<u>\$ 3,769,657</u>
						<u>\$ 18,003,649</u>

The accompanying notes are an integral part of these financial statements.

Mothers Against Drunk Driving
STATEMENT OF CASH FLOWS
Period ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (622,106)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Provision for uncollectible receivables	-
Depreciation and amortization	31,889
Net realized and unrealized gains on investments	44,011
Gain on sale of property and equipment	850
Changes in operating assets and liabilities:	
Trade accounts receivable	(52,435)
Grants receivable	778,425
Contributions receivable	106,119
Prepaid expenses and other	329,718
Literature and supplies inventory	170,732
Accounts payable	(2,086)
Accrued liabilities	129,907
Deferred revenue	4,534
Net cash provided by operating activities	<u>919,558</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of property and equipment	(850)
Proceeds from sale and maturities of investments	5,223,471
Purchases of investments	<u>(2,223,000)</u>
Net cash provided by investing activities	<u>2,999,621</u>

INCREASE IN CASH AND CASH EQUIVALENTS

3,919,179

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

7,788,683

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 11,707,862

Supplemental disclosure of cash flow information:

Income taxes paid	\$ -
Interest paid	\$ -

The accompanying notes are an integral part of these financial statements.

**Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS**

NATURE OF OPERATIONS

Mothers Against Drunk Driving ("MADD") is a national nonprofit organization whose mission is to stop drunk driving, support the victims of this violent crime and prevent underage drinking.

MADD is a Washington DC non-profit corporation. The 197 field locations (as of December 31, 2011) throughout the United States are integral parts of the corporation and have no separate legal status. Moreover, they function under the auspices of the MADD National Office, which in addition to directly administering various nationwide programs provides organizational, technical and other support services to these community-based groups.

Community programs consist of programs, prevention activities and other awareness campaigns that are administered by the National Office and field locations to achieve the mission of MADD. These include programs to promote greater awareness about the problem of impaired drivers and underage drinking, programs to mobilize communities in eliminating these problems, support and advocacy services to drunk driving victims and their families, and other related programs. The following is a list of some of these programs, campaigns and activities.

Community, Public Awareness and Public Policy

- * Court Monitoring Program
- * Speakers Bureau
- * *Tie One On for Safety*
- * Power of Parents: It's Your Influence Program
- * Public Service Announcements
- * Newsletters
- * Media Communications/Press Events
- * MADD Online
- * Direct Mail Education/Awareness Programs
- * Campaign to Eliminate Drunk Driving
- * Community Events
- * Media Awards
- * General Information Brochures
- * MADD Matters
- * Law Enforcement Support/Collaboration
- * Telephone Education/Awareness Programs

- * Parent and Teen Underage Drinking Prevention Awareness in Spanish and English
- * *Walk Like MADD*
- * MADD National Conference
- * Legislative Updates and Alerts
- * Public Policy/Government Relations
 - Victim Tributes
 - Advocacy
 - Victim Chats
 - News
 - e-Newsletter
 - Discussion Forum
 - Community Awareness
 - Statistics
 - Program-Specific Sub Sites

Youth

- * Educational Materials and Brochures
- * *Youth in Action* for High School
- * Underage Drinking Public Service Announcements

- * UMADD College Campus Program
- * *Protecting You/Protecting Me* Elementary Curriculum

Victim Services

- * Beginning and Advanced Victim Assistance Training Institutes
- * Victim Assistance Literature
- * *MADDvocate* Magazine
- * Victim Impact Panels
- * Path of Hope Program for Native Americans
- * Victim Photo Board
- * Candlelight Victim/Survivor Tributes
- * Death Notification Seminars
- * Victim Support Groups
- * Victim Assistance 24 Hour 877-MADD-HELP helpline

- * Trauma Tips
- * Crisis Intervention for Victims
- * Court Accompaniment
- * Training of Allied Professionals
- * Victim Assistance Support, Advocacy & Education
- * Victim Services How-to Manuals
- * Online Support Group
- * Child Endangerment Assistance
- * Victim Rights Week
- * Victim Service Public Service Announcements

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

Fiscal Year Change

During 2011, MADD changed its year-end from June 30 to December 31. This took effect on December 31, 2011. The accompanying financial statements reflect the period from July 1, 2011 through December 31, 2011 (the "Period").

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Presentation

The accompanying financial statements include the accounts of the National Office and all field locations. Inter-location transactions and balances have been eliminated.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of MADD and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by MADD. Generally, the donors of these assets permit MADD to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, MADD reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services are recognized as revenue if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that would typically need to be purchased if not provided by donation. Gifts of long-lived assets are recognized at fair value at the date of gift. MADD does not imply a time restriction on such gifts.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation (Continued)

Income and investment gains and losses are reported as follows:

- As increases (decreases) in permanently restricted net assets if the terms of the gift require they be included in principal of a permanent endowment fund;
- As increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on their use;
- As increases (decreases) in unrestricted net assets in all other cases.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less and include all certificates of deposits. MADD maintains its cash balances with high credit quality financial institutions located in various states, which at times may exceed federally insured limits. MADD monitors its risk under these arrangements and has not experienced any losses on such accounts.

Cash and securities maintained through a registered securities dealer are insured up to \$500,000 by the Securities Investor Protection Corporation ("SIPC"). SIPC covers losses from fraud and negligence of the registered securities dealer, but not against market losses or investment return. Balances held in accounts may still at times exceed insured limits. MADD has not incurred any losses in these accounts, outside normal trading activities, and does not believe that they are exposed to any significant credit risk.

Investments, at Fair Value

Investments are recorded at fair value. The net realized and unrealized gains (losses) are reflected in investment income in the statement of activities and changes in net assets.

Fair Value Measurements

In determining fair value, MADD uses various valuation approaches. GAAP establishes a fair value hierarchy for inputs used in measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that participants would use in pricing the asset or liability.

As a basis for considering market participant assumptions in fair value measurements, GAAP establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of MADD's financial instruments. The inputs are summarized in three levels as outlined below:

Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets and liabilities. Valuations of these instruments do not require a high degree of judgment since the valuations are based on quoted prices in active markets.

Level 2 Inputs – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 Inputs – Unobservable inputs for the valuation of the asset or liability. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the measurement falls in its entirety is determined based on the lowest level input that is significant. MADD's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2011.

U.S. Treasury Notes are reflected in the accompanying financial statements based on market data for quoted prices in an active market, which is considered to be a Level 2 input.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while MADD believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Receivables

Receivables consist primarily of grants receivable from government agencies and represent amounts due to MADD in accordance with cost-reimbursement contracts. Trade accounts receivable are carried at the invoiced amount or the amount of reimbursable costs incurred, less an estimate made for doubtful receivables. Contributions receivable are primarily from organizations or individuals and are stated at the amount that management expects to collect from outstanding balances.

Government grant receivables are fully collectible. Trade accounts receivable and contributions receivable outstanding more than 90 days are considered past due. MADD determines its allowance for doubtful accounts based on past due amounts and other available information regarding the current status of individual accounts and current economic conditions. MADD writes off receivables when they become uncollectible, and payments subsequently received on such receivables are credited to the provision for uncollectible receivables account. Recoveries of receivables previously written off are recorded when received. In the event of complete nonperformance, the maximum exposure to MADD is the outstanding receivable balance at the date of nonperformance.

Prepaid Expenses and Other

Prepaid expenses and other consist of deposits, prepaid rent, prepaid insurance and other similar amounts that relate to future periods.

Literature and Supplies Inventory

Supplies of literature and other program-related materials are stated at the lower of cost or market, with cost being determined using the actual cost method.

Property and Equipment

Donated property and equipment are recorded at fair value at date of receipt, and expenditures for property and equipment are stated at cost. MADD capitalizes those items in excess of \$5,000 which have a useful life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets ranging from three to seven years.

Leasehold improvements are amortized on a straight-line basis over the respective lease term or life of the improvement, whichever is shorter.

Advertising

Advertising costs are expensed as incurred. Total advertising costs for the period ended December 31, 2011 was \$1,446,053 and is included in Community Programs in the accompanying statement of activities and changes in net assets.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition

Revenue is recognized on conditional promises to give when the conditions are substantially met. Grant revenue is recognized as contract terms are fulfilled. Contributions and grants are considered to be available for unrestricted purposes unless restricted by the donor for specific purposes. Revenue from victim impact panels is recognized as the panels occur. Licenses, promotions and other revenue are recognized when earned.

MADD has entered into royalty agreements with various third parties relating to use of the MADD name and brand. Revenue recognized under these royalty agreements is included in licenses, promotions and other revenue in the accompanying statement of activities and changes in net assets.

Deferred Revenue

Deferred revenue for MADD primarily consists of advance payments from granting agencies.

Special Events

MADD conducts special fundraising events, including golf tournaments, runs, dinners, auctions, breakfasts and bike rallies. However, only events where there is a registration or participation fee are included in special events revenue; contributions raised in conjunction with events are included as contribution revenue. The cost of the direct benefit to donors that the participant receives at such events is presented on the statement of activities and changes in net assets to result in net special events revenue. All other expenses related to special events are allocated to fund-raising services.

Joint Costs

As stated in the Financial Accounting Standards Board's Accounting Standards Codification topic 958 ("ASC 958"), *Not for Profit Entities*, costs included in conducting joint activities that are not identifiable with a particular component of the activity are allocated between fund-raising and program services.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying statements of activities and changes in net assets, and functional expenses. Certain costs have been allocated among the programs and supporting services benefited.

Lease Accounting

MADD determines whether to account for its leases as operating, capital or financing leases depending on the underlying terms of the lease agreement. This determination of classification is complex and requires significant judgment relating to certain information including the estimated fair value and remaining economic life of the leased assets, MADD's cost of funds, minimum lease payments and other lease terms.

Income Taxes

MADD is exempt from federal income tax under 501(c)(3) of the United States Internal Revenue Code (the "Code"), except to the extent it has unrelated business income. MADD has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. For the Period, MADD had net unrelated business income of approximately \$137,000. Accordingly, a provision for federal income tax has been provided in the accompanying Statement of Activities and Changes in Net Assets and in accrued liabilities in the accompanying Statement of Financial Position of approximately \$36,000.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing MADD's tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. MADD is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

MADD recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. MADD's informational returns filed are generally subject to examination for three years after the later of the due date or date of filing. As a result, MADD is no longer subject to income tax examinations by tax authorities for years prior to fiscal year 2008.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

The following summarizes total cash and cash equivalents as of December 31, 2011:

Cash	\$ 7,058,858
Certificates of deposit	2,194,803
Short-term investments	1,932,201
	<u>\$ 11,707,862</u>

3. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, MADD's investments at fair value as of December 31, 2011:

Description	Carrying Value	Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Notes	\$ 8,390,000	\$ 8,390,000	\$ -	\$ 8,390,000	\$ -
	<u>\$ 8,390,000</u>	<u>\$ 8,390,000</u>	<u>\$ -</u>	<u>\$ 8,390,000</u>	<u>\$ -</u>

MADD invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, overall market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect MADD's account balances and the amounts reported in the statement of financial position.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS (Continued)

The following summarizes total investment income for the period ended December 31, 2011:

Interest income	\$ 66,168
Net realized and unrealized loss on investments	<u>(44,011)</u>
	<u>\$ 22,157</u>

4. CONTRIBUTIONS RECEIVABLE

Included in contributions receivable are the following unconditional promises to give at December 31, 2011:

Pledges and receivable from a charitable lead trust before unamortized discount	\$ 273,609
Less unamortized discount	<u>(815)</u>
	272,794
Less allowance for uncollectible contributions	<u>-</u>
Net unconditional promise to give	<u>\$ 272,794</u>

Contributions receivable are discounted using a rate of .58%.

Contributions receivable are expected to be collected in:

Less than one year	\$ 268,609
One to five years	<u>5,000</u>
	<u>\$ 273,609</u>

MADD is the beneficiary of income from a charitable lead trust from which MADD is to receive \$10,000 per year for 10 years through year 2013. The present value of the future cash receipts from the trust was approximately \$14,000 as of December 31, 2011, and is recorded in contributions receivable.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2011:

Furniture and fixtures	\$ 97,151
Office equipment	620,535
Leasehold improvements	<u>339,020</u>
	1,056,706
Less accumulated depreciation and amortization	<u>(998,813)</u>
	57,893
Land	<u>1,200</u>
	<u>\$ 59,093</u>

6. NET ASSETS

Net assets consist of the following at December 31, 2011:

Unrestricted	\$ 20,530,854
Temporarily restricted	
Specific future periods	14,185
Specific program and support activities	888,333
Permanently restricted	
Endowment	<u>10,000</u>
	<u>\$ 21,443,372</u>

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

6. NET ASSETS (Continued)

Net Assets Released From Restrictions

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by passage of time or occurrence of events specified by the donor were as follows for the period ended December 31, 2011:

Fulfillment of use restrictions	\$ 938,253
Release of time restrictions	<u>4,746</u>
	<u>\$ 942,999</u>

7. ALLOCATION OF JOINT COSTS

Joint costs paid by MADD to outside firms for education materials and activities that included fund-raising appeals have been allocated as follows at December 31, 2011:

Community programs	\$ 2,356,779
Fund-raising	<u>1,241,989</u>
	<u>\$ 3,598,768</u>

8. EMPLOYEE BENEFIT PLANS

A defined contribution retirement plan (the "DC Plan") covers all eligible employees of MADD who are at least 21 years of age, have completed one year of service, and have worked at least 1,000 hours. Employee contributions are not allowed under the DC Plan. Employees are fully vested after five years of service or, if hired prior to July 1989, are fully vested after three years of service. Effective July 1, 2009, employer contributions are discretionary and determined annually by MADD. There were no discretionary contributions for the period ended December 31, 2011, and no future contributions are anticipated.

MADD allows eligible employees to contribute to a tax-deferred retirement plan (the "403(b) Plan") which is subject to Sections 403 and 501 of the Code. All eligible employees may contribute to the 403(b) Plan any whole percentage of their eligible salary not to exceed the maximum allowed by the Code. The total value of the participant's contribution is fully and immediately vested. MADD matches eligible employee contributions up to 3% of compensation. MADD's contributions to the 403(b) Plan, which are included in salaries, benefits, and related taxes on the statements of functional expenses, were approximately \$80,800 for the period ended December 31, 2011.

9. IN-KIND CONTRIBUTIONS AND DONATED PERSONAL SERVICES OR VOLUNTEERS

MADD receives in-kind contributions consisting of donated materials and professional services. Contributed services are recorded if the service (a) creates or enhances nonfinancial assets or (b) requires specialized skills which would typically need to be purchased if not contributed. In-kind donations are included in total revenues and expenses in the accompanying statement of activities and changes in net assets for the period ended December 31, 2011 at their estimated fair values as follows:

Public serve announcements	\$ 702,684
	<u>\$ 702,684</u>

In-kind contributions benefit various functions and are allocated among those functions in the accompanying statement of functional expenses.

In addition, MADD receives services from a large number of volunteers who give significant amounts of their time to MADD for programs, fund-raising campaigns, and management. The value of this contributed time is not reflected in the financial statements since it does not meet the criteria discussed above.

Mothers Against Drunk Driving
NOTES TO FINANCIAL STATEMENTS

10. LEASES

The MADD National Office and certain field locations have non-cancelable operating lease agreements for office space at various locations that expire through May 2017. Management expects that, in the normal course of business, leases that expire will be renewed or replaced by other leases. MADD recognizes escalating lease payments on a straight-line basis over the term of each respective lease. Future annual minimum lease payments due under these leases are as follows at December 31,:

2012	\$ 1,606,419
2013	1,335,969
2014	781,816
2015	223,347
2016	106,201
Thereafter	45,184
	<u>\$ 4,098,936</u>

Rent expense, which is included in occupancy on the statement of functional expenses, totaled approximately \$931,000 for the period ended December 31, 2011.

MADD has contracted with a third party vendor to represent MADD in various real estate leasing transactions and to perform administrative functions related to those leases. The agreement has a term of three years with optional multi-year extensions.

11. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS

MADD, in its normal course of business, is subject to various legal actions. Additionally, federal, state, and other grants are subject to periodic review and assessment by related federal, state, and other agencies. MADD believes the ultimate outcome of these matters will not have a material effect on MADD's financial position, results of operations, or cash flows.

At December 31, 2011, receivables from one telemarketing agency and one donor represent approximately 77% of contributions receivable. In addition, at December 31, 2011, one grantor represents 39% of grants receivable, and one customer represents 38% of net trade accounts receivable.

MADD has entered into various sponsorships and licensing agreements with third parties relating to use of certain MADD service marks, trade names and logos. The terms of the agreements range from one to four years. Certain third parties have also agreed to pay MADD a royalty for each item of merchandise bearing certain MADD service marks, trade names and logos. Future minimum revenues due under these agreements are as follows at December 31,:

2012	\$ 810,000
2013	410,000
2014	510,000
2015	60,000
2016	60,000
Thereafter	-
	<u>\$ 1,850,000</u>

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2012, the date the financial statements were available to be issued.

MOTHERS AGAINST DRUNK DRIVING

SINGLE AUDIT REPORT

DECEMBER 31, 2011

MOTHERS AGAINST DRUNK DRIVING

DECEMBER 31, 2011

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Lane Gorman Trubitt, PLLC
Accountants & Advisors

Report of Independent Certified Public Accountants on Internal
Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing
Standards

To the Board of Directors
Mothers Against Drunk Driving

We have audited the financial statements of Mothers Against Drunk Driving ("MADD") as of and for the period from July 1, 2011 to December 31, 2011, and have issued our report thereon dated June 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered MADD's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MADD's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MADD's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of MADD's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MADD's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Compliance and Other Matters (Continued)

We noted certain other matters that we reported to management of MADD and its Audit Committee in a separate letter dated June 25, 2012.

MADD's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit MADD's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LANE GORMAN TRUBITT, PLLC

Dallas, Texas
June 25, 2012



Lane Gorman Trubitt, PLLC
Accountants & Advisors

Report of Independent Certified Public Accountants on Compliance
with Requirements that Could Have a Direct and Material
Effect on Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
Mothers Against Drunk Driving

Compliance

We have audited the compliance of Mothers Against Drunk Driving ("MADD") with the types of compliance requirements described in the United States Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period from July 1, 2011 to December 31, 2011. MADD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of MADD's management. Our responsibility is to express an opinion on MADD's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MADD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of MADD's compliance with those requirements.

In our opinion, MADD complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the period from July 1, 2011 to December 31, 2011.

Internal Control Over Compliance

Management of MADD is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered MADD's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MADD's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified one deficiency in internal control over compliance that we consider to be a "significant deficiency."

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

Internal Control Over Compliance (Continued)

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 12-31-2011-1 to be a "significant deficiency."

MADD's responses to findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit MADD's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of MADD as of and for the period from July 1, 2011 to December 31, 2011, and have issued our report thereon dated June 25, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of MADD's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LANE GORMAN TRUBITT, PLLC

Dallas, Texas
June 25, 2012

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Period ended December 31, 2011

Federal Grantor/Pass-Through Grantor	Program Title	Recipient MADD Office	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Justice Pass-Through Programs: <u>JAG Program Cluster</u>					
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories					
Governor's Office of Crime Control and Prevention	Bi-lingual Victim Services-BJ11	Maryland, State Office	16.803	BURA-2009-1184	\$ 5,722
Total expended under 16.803					<u>5,722</u>
U.S. Department of Justice, Bureau of Justice Assistance Pass-Through Programs: <u>Edward Byrne Memorial Justice Assistance Grant Program</u>					
Rhode Island Department of Transportation, Office of Justice Programs	Victims of Crime	Rhode Island, State Office	16.738	10-109-JAG	11,050
Total expended under 16.738					<u>11,050</u>
Total JAG Program Cluster					<u>\$ 16,772</u>
U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention Pass-Through Programs: <u>Juvenile Accountability Block Grants</u>					
State of Texas, Office of the Governor, Criminal Justice Division	Statewide Programs Project	Texas, State	16.523	JB-10-J20-18480-06	\$ 104,619
Total expended under 16.523					<u>104,619</u>
Juvenile Justice and Delinquency Prevention - Allocation to States					
Texas Department of Transportation	Statewide Programs Project	Texas	16.540	JA-10-J20-18480-05	106,622
Total expended under 16.540					<u>106,622</u>
Enforcing Underage Drinking Laws Program Alabama Department of Economic and Community Affairs, LE/Traffic Safety Division					
Kentucky State Police	MADD AL State Youth Advisory Board Youth in Action (EUDL Grant)	Alabama, State Office Kentucky, State Office	16.727	10-AH-ST-002	53,015
Minnesota Department of Public Safety, Office of Traffic Safety	Enforcing Underage Drinking Laws 2012	Minnesota, State Office	16.727	2010-AH-FX-0093	23,914
Rhode Island Department of Mental Health, Retardation and Hospitals	Enforcing Underage Drinking Laws Program	Rhode Island, State Office	16.727	2010-AH-FX-0085	27,443
Total expended under 16.727					<u>120,329</u>
U.S. Department of Justice, Office of Victims of Crime Pass-Through Programs: <u>Crime Victim Assistance (VOCA)</u>					
Alabama Department of Economic and Community Affairs, LE/Traffic Safety Division	Crime Victim Assistance	Alabama, State Office	16.575	10-VA-UN-005	6,711

See accompanying notes to schedule of expenditures of federal awards.

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 Period ended December 31, 2011

Federal Grantor/Pass-Through Grantor	Program Title	Recipient MADD Office	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Justice (Continued)					
U.S. Department of Justice, Office of Victims of Crime (Continued)					
Pass-Through Programs: (Continued)					
Crime Victim Assistance (VOCA) (Continued)					
Alabama Department of Economic and Community Affairs, LE/Traffic Safety Division	MADD - Alabama Victim Assistance Program	Alabama, State Office	16.575	11-VA-UN-001	\$ 8,507
Arkansas Victim Justice and Assistance Recovery Program	Crime Victim Assistance	Arkansas, State Office	16.575	10138-9V	17,378
Arkansas Victim Justice and Assistance Program Administration	Crime Victim Assistance	Arkansas, State Office	16.575	11138-10V	13,213
Arizona Department of Public Safety	Crime Victim Assistance	Arizona, Pima Co.	16.575	2011-112	28,430
Arizona Department of Public Safety	Crime Victim Assistance	Arizona, State Office	16.575	2011-104	10,082
State of Connecticut Judicial Branch, Office of Victim Services	Victims of Crime Act - Victim Assistance Project	Connecticut	16.575	04-1101-04	78,414
State of Florida, Office of the Attorney General	Crime Victim Assistance	Florida, Hillsborough	16.575	V10047	12,565
State of Florida, Office of the Attorney General	Crime Victim Assistance	Florida, State Office	16.575	V10102	62,619
State of Florida, Office of the Attorney General	2011/2012 Victims of Crime Act	Florida, Hillsborough	16.575	V11047	10,839
State of Florida, Office of the Attorney General	Crime Victim Assistance	Florida, State Office	16.575	V11102	50,136
County of Hawaii	Crime Victim Assistance	Hawaii	16.575	C-003081	11,969
City and County of Honolulu	Crime Victim Assistance	Hawaii	16.575	CT-PAT-07000244	15,320
Idaho Department of Health and Welfare	Crime Victim Assistance	Idaho, State Office	16.575	VC011700	22,339
Illinois Criminal Justice	Victims of Crime Act	Illinois State	16.575	210117	22,790
Illinois Criminal Justice	Victims of Crime Act	Illinois State	16.575	211117	19,865
Kansas Office of the Governor	Victims of Crime Act	Kansas, State Office	16.575	12-VOCA-43	26,497
Kansas Office of the Governor	Victims of Crime Act	Kansas, State Office	16.575	11-VOCA-41	22,586
Kentucky Justice and Public Safety Cabinet	Victim Services Program	Kentucky, State Office	16.575	VOCA-2010-MADD-00059	19,218
Kentucky Justice and Public Safety Cabinet	Victim Services Program	Kentucky, State Office	16.575	VOCA-2011-M.A.D.D.-00059	21,550
Louisiana Commission on Law Enforcement	Crime Victim Assistance	Louisiana, State Office	16.575	C09-8-014	32,469
Louisiana Commission on Law Enforcement	Crime Victim Assistance	Louisiana, State Office	16.575	C10-8-019	19,452
Michigan Department of Community Health	Crime Victim Assistance	Michigan, State Office	16.575	20357-14V10	20,441
Michigan Department of Community Health	Crime Victim Assistance	Michigan, State Office	16.575	20357-15V10	39,687
Missouri State Department of Public Safety, Office of the Director	Victim Services Project	Missouri, State Office	16.575	2008-VOCA-0097-SW	26,218
Missouri State Department of Public Safety, Office of the Director	Victim Services Project	Missouri, State Office	16.575	2009-VOCA-089-SW	36,434
Mississippi Department of Public Safety	Victims of Crime Program	Mississippi, State Office	16.575	10-VA581-1	19,531
North Carolina Governor's Crime Commission	North Carolina State Office - 2011	North Carolina, State Office	16.575	092-1-09-044-A-V-337	27,755
New Mexico Crime Victims Reparation Commission	Victims of Crime Act	New Mexico, State Office	16.575	2012-VA-735	25,441
New York Office of VS / State Crime Victims Board	Crime Victim Assistance	New York	16.575	C-501085	45,528
Ohio AG/Crime Victims Assist. & Prevention	Crime Victim Assistance	Ohio	16.575	2011VAGENE084	32,894
Ohio AG/Crime Victims Assist. & Prevention	Crime Victim Assistance	Ohio	16.575	2012VAGENE084	30,595
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, State Office	16.575	2011/2012-VF-05 22383	23,193
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Berks Co.	16.575	2011/2012-VF-05-22298	18,193

See accompanying notes to schedule of expenditures of federal awards.

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Period ended December 31, 2011

Federal Grantor/Pass-Through Grantor	Program Title	Recipient MADD Office	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Justice (Continued)					
U.S. Department of Justice, Office of Victims of Crime (Continued)					
Pass-Through Programs: (Continued)					
Crime Victim Assistance (VOCA) (Continued)					
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Butler Co.	16.575	2011-VF-05-22372	\$ 1,659
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Delaware Co.	16.575	2011/2012-VF-05-22295	11,489
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Montgomery	16.575	2011-VF-05-22228	14,118
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Chester Co.	16.575	2011/2012-VF-05-22292	4,457
Rhode Island Department of Public Safety	Victim Advocate	Rhode Island	16.575	10-421-VOCA	5,938
Rhode Island Department of Public Safety	Victim Advocate	Rhode Island	16.575	11-421-VOCA	6,125
South Carolina Department of Transportation, Office of Justice Programs	Victims of Crime Act	South Carolina, State Office	16.575	1V11089	21,454
Tennessee Office of Criminal Justice Program	MADD Victim Services	Tennessee, State Office	16.575	3943	26,292
State of Texas, Office of the Governor, Criminal Justice Division	Victims of Crime Act	Texas, State	16.575	VA-10-V30-15317-11	364,582
State of Texas, Office of the Governor, Criminal Justice Division	Victims of Crime Act	Texas, State	16.575	VA-09-V30-15317-12	580,685
West Virginia Division of Justice and Community Services	Victims of Crime Act	West Virginia, State Office	16.575	11-VA-036	11,946
Wisconsin Department of Justice	Crime Victim Services	Wisconsin, State office	16.575	2008-050-14	2,003
Wisconsin Department of Justice	Crime Victim Services	Wisconsin, State office	16.575	2010-050-15	7,129
Total expended under 16.575					<u>1,936,756</u>
ARRA - Recovery Act - State Victim Assistance Formula Grant Program					
Arkansas Victim Justice and Assistance Recovery Program	VOCA Recovery Program	Arkansas, State Office	16.801	09138-ARRA VOCA	11,240
Idaho Council on Domestic Violence and Victim Assistance	Federal Recovery Act Assistance	Idaho, State Office	16.801	VC005100	23,095
Total expended under 16.801					<u>34,335</u>
Total U.S. Department of Justice					<u>\$ 2,423,805</u>
U.S. Department of Transportation, National Highway Traffic Safety Administration (NHTSA)					
Pass-Through Programs:					
Highway Safety Cluster (HSC)					
State and Community Highway Safety					
Arizona Governor's Office of Highway Safety	Court Monitoring Program- State Arizona	Arizona, State Office	20.600	2012-AL-038	\$ 6,681
Arizona Governor's Office of Highway Safety	Court Monitoring Program- Southern Arizona	Arizona, Pima Co.	20.600	2012-AL-039	12,493
Arizona Governor's Office of Highway Safety	Court Monitoring Program- Southern Arizona	Arizona, Pima Co.	20.600	2011-AL-072	12,176
Arizona Governor's Office of Highway Safety	Court Monitoring Program- State Arizona	Arizona, State Office	20.600	2011-AL-073	14,087
Hawaii Department of Transportation	State and Community Highway Safety	Hawaii	20.600	FLEX 3 - MADD HAWAII	39,531

See accompanying notes to schedule of expenditures of federal awards.

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Period ended December 31, 2011

Federal Grantor/Pass-Through Grantor	Program Title	Recipient	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Transportation, National Highway Traffic Safety Administration (NHTSA) (Continued)					
Pass-Through Programs: (Continued)					
Highway Safety Cluster (HSC) (Continued)					
State and Community Highway Safety (Continued)					
Nebraska Office of Highway Safety, Department of Motor Vehicles	Court Monitoring Program	Nebraska, State Office	20.600	402-11-17	\$ 27,497
Nebraska Office of Highway Safety, Department of Motor Vehicles	Court Monitoring Program	Nebraska, State Office	20.600	402-12-17	20,309
Rhode Island Department of Public Safety	Team Spirit	Rhode Island	20.600	Team Spirit 164 -AL-11	37,446
Total expended under 20.600					<u>170,220</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I					
The Department of Alcohol Beverage Control					
The Department of Alcohol Beverage Control					
	Impaired Driver/Public Education	California, State Office	20.601	AL 1060	136,137
	Incentive Grants	California, State Office	20.601	11C-0135	127,209
Colorado Department of Transportation	Colorado Underage Drinking Prevention Program	Colorado	20.601	11-01-11-06	22,644
Colorado Department of Transportation	Colorado Underage Drinking Prevention Program	Colorado	20.601	12-01-11-06	12,953
State of Connecticut Department of Transportation	Power of Parent, It's your Influence	Connecticut	20.601	0192-0730-AE	5,951
Georgia Governor's Office of Highway Safety	MADD Volunteer Development Initiative	Georgia, State Office	20.601	GA-2011-542-00392	18,683
Georgia Governor's Office of Highway Safety	MADD Volunteer Development Initiative	Georgia, State Office	20.601	GA-2012-542-00335	17,315
Illinois Department of Transportation	Court Monitoring Program	Illinois State	20.601	AL1-5480-229	74,094
Illinois Department of Transportation	Court Monitoring Program	Illinois State	20.601	AL2-5480-263	39,059
Louisiana Highway Safety Commission	VIP and Court Monitoring	Louisiana, State Office	20.601	2011-10-24	42,251
Louisiana Highway Safety Commission	Underage Drinking Prevention Program	Louisiana, State Office	20.601	2011-10-21	54,518
Louisiana Highway Safety Commission	VIP and Court Monitoring	Louisiana, State Office	20.601	2012-10-20	17,143
Maryland Department of Transportation	Court Monitoring	Maryland, State Office	20.601	MD 11-254	10,995
Maryland Department of Transportation	Power of Parent, It's Your Influence	Maryland, State Office	20.601	12-020	2,384
North Carolina State Department of Transportation, Governor's Highway Safety Program	Drunk Driving and Underage Drinking Outreach	North Carolina, State Office	20.601	K8-11-02-41	47,283
North Carolina State Department of Transportation, Governor's Highway Safety Program	Drunk Driving and Underage Drinking Outreach Effectively Reducing Underage Drinking and Impaired Riding	North Carolina, State Office	20.601	K8-12-02-41	13,993
Ohio Department of Public Safety	Impaired Riding	Ohio	20.601	GG-2012-25-00-00-00276-00	5,074
Tennessee, Department of Transportation, Governor's Highway Safety Office	Court Monitoring	Tennessee, State Office	20.601	K8-11-11	17,017
Tennessee, Department of Transportation, Governor's Highway Safety Office	Underage Drinking Prevention, Youth in Action	Tennessee, State Office	20.601	K8-11-16	17,969
Tennessee, Department of Transportation, Governor's Highway Safety Office	Court Monitoring	Tennessee, State Office	20.601	K8-12-07	19,781
Tennessee, Department of Transportation, Governor's Highway Safety Office	Underage Drinking Prevention	Tennessee, State Office	20.601	K8-12-08	15,694
Texas Department of Transportation	State and Community Highway Safety	Texas, State	20.601	2011-MADD-G-1YG-0020	40,676
Texas Department of Transportation	State and Community Highway Safety	Texas, State	20.601	2011-MADD-G-1YG-0129	155,371

See accompanying notes to schedule of expenditures of federal awards.

Mothers Against Drunk Driving
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Period ended December 31, 2011

Federal Grantor/Pass-Through Grantor	Program Title	Recipient	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Transportation, National Highway Traffic Safety Administration (NHTSA) (Continued)					
Pass-Through Programs: (Continued)					
Highway Safety Cluster (HSC) (Continued)					
Alcohol Impaired Driving Countermeasures Incentive Grants I (Continued)					
Texas Department of Transportation	Texas Traffic Safety Program	Texas, Houston	20.601	2012-MADD-G-1YG-0038	\$ 34,325
Texas Department of Transportation	Texas Traffic Safety Program	Texas, San Antonio	20.601	2012-MADD-G-1YG-0049	12,490
Texas Department of Transportation	Texas Traffic Safety Program	Texas, Tyler	20.601	2012-MADD-G-1YG-0050	17,959
Texas Department of Transportation	Texas Traffic Safety Program	Texas, State	20.601	2012-MADD-G-1YG-0046	107,827
Texas Department of Transportation	Texas Traffic Safety Program	Texas, El Paso	20.601	2012-MADD-G-1YG-0048	6,113
Virginia Department of Motor Vehicles	Alcohol Countermeasures	Virginia, State Office	20.601	K8-2011-51314-4256	70,383
Virginia Department of Motor Vehicles	Alcohol Countermeasures	Virginia, State Office	20.601	K8-2012-52161-4539	41,210
Total expended under 20.601					1,204,501
Total Highway Safety Cluster (HSC)					\$ 1,374,721
Alcohol Open Container Requirements					
Missouri Department of Transportation, Highway Safety Division	Court Monitoring Project	Missouri, State Office	20.607	11-154-AL-97	\$ 22,948
Missouri Department of Transportation, Highway Safety Division	Court Monitoring Project	Missouri, State Office	20.607	12-154-AL-043	26,827
Mississippi Department of Public Safety	Mississippi Underage Drinking Countermeasures	Mississippi, State Office	20.607	12-TA-581-1	15,143
Mississippi Department of Public Safety	Underage Drinking Prevention / Alcohol Countermeasures	Mississippi, State Office	20.607	11-TA-581-1	17,539
Total expended under 20.607					82,457
Minimum Penalties for Repeat Offenders for Driving While Intoxicated					
New Mexico Department of Transportation	Court Monitoring	New Mexico, State Office	20.608	C05073	36,467
Ohio Department of Public Safety	Stopping the Pattern of Impaired Driving and Underage Drinking and Driving	Ohio	20.608	GG-2011-25-00-00-00569-00	10,933
Total expended under 20.608					47,400
Total U.S. Department of Transportation					\$ 1,504,578
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 3,928,383

Mothers Against Drunk Driving
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Period ended December 31, 2011

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") is a summary of MADD's federal awards activities presented on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. FISCAL YEAR CHANGE

MADD changed its year-end from June 30 to December 31. This took effect on December 31, 2011. The schedule of expenditures of federal awards reflects the period from July 1, 2011 through December 31, 2011.

Mothers Against Drunk Driving
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Period ended December 31, 2011

SUMMARY OF AUDITOR'S RESULTS

1. We have issued an unqualified opinion in our report on the financial statements.
2. No material weaknesses or significant deficiencies relating to the internal control over financial reporting were reported.
3. The results of our audit disclosed no instances of noncompliance which were considered material to the financial statements.
4. We issued an unqualified opinion in our report on compliance with major programs.
5. One significant deficiency relating to the audit of internal control over major programs was reported.
6. Audit findings that are required to be reported under OMB Circular A-133 section 510(a) are reported in this schedule.
7. The programs tested as major programs for the period ended December 31, 2011, are as follows:

Crime Victim Assistance	CFDA #16.575
Highway Safety Cluster	CFDA #20.600 and #20.601
8. The dollar threshold used for distinguishing between type A and B programs was \$300,000.
9. Mothers Against Drunk Driving did not qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None reported.

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

SIGNIFICANT DEFICIENCY

Finding 12-31-2011-1

Program Title & CFDA No.: Crime Victim Assistance ("VOCA") – 16.575
Highway Safety Cluster ("HSC") – 20.600 and 20.601

Federal Agency: U.S. Department of Justice (VOCA)
U.S. Department of Transportation (HSC)

Criteria: MADD is required to identify applicable reporting compliance requirements. In instances where reporting is required, the recipient of federal awards is required to ensure that reports are submitted timely and accurately to the awarding agency in accordance with applicable cost principles.

Condition: We noted the following errors in internal control over reporting compliance in our testing:

- Management did not submit the request for reimbursement timely for three out of sixty disbursements tested.
- Through other audit procedures we noted two additional reports were not submitted timely.
- Management was also unable to provide evidence that one request for reimbursement was submitted timely.

Mothers Against Drunk Driving
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Period ended December 31, 2011

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT (Continued)

Condition (continued):

- Management did not accurately report a required match for one grant out of ten tested.
- Management did not report an expense in the proper budget category for three out of sixty disbursements tested.
- Management requested reimbursement for an expense greater than the budgeted category allowed for two reports tested out of sixty. Within those two reports tested, it was noted that for a total of four categories the request for reimbursement was greater than the budgeted amount for that category.
- Management requested reimbursement for an expense in an inappropriate reporting period for three out of sixty disbursements tested. One request for reimbursement was for an expense paid by MADD that was to be incurred in a future period. Two requests for reimbursement were for expenses incurred prior to the applicable reporting time frame.
- In one report, management requested reimbursement for four expenses that had already been paid on a prior reimbursement request.

Context: The granting agency identified these issues on review of the request for reimbursement and did not reimburse these expenses as considered appropriate. These are therefore not findings of questioned costs based on funds received by MADD.

Cause: MADD needs to strengthen internal controls over reporting accuracy and timeliness.

Effect: Funding from the applicable agency could be suspended until MADD is in compliance with the reporting requirements.

Recommendation: MADD should ensure that procedures are in place to identify reporting requirements and to ensure that required reports are submitted in accordance with the applicable requirements. Additional review procedures for grant reporting should be implemented to ensure accuracy of the reported amounts.

Views of Responsible Officials: MADD will formalize procedures to ensure all reporting requirements are documented. Each grant will require a grant summary sheet to ensure that all grant requirements are monitored.

Mothers Against Drunk Driving
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Period ended December 31, 2011

For a complete description of the prior year audit findings, please refer to the schedule of expenditures of federal awards and Reports of Independent Certified Public Accountants dated January 18, 2012 for the year ended June 30, 2011. The following schedule summarizes the status of prior audit findings:

Finding 2011-1

Type of Finding: Significant deficiency in internal control over financial reporting.

Current Status: In process. MADD implemented additional controls including further review of in-kind contributions identified as matches under grants, to address this finding. Additionally, the Texas in-kind transactions are being recorded monthly at the National office instead of being submitted by the Texas assistant grant admin at the end of the grant period. During the current period, we identified unrecorded in-kind transactions that related to the June 30, 2011 audit in which this finding was identified. We noted no in-kind transactions improperly recorded that relate to the current audit for the period from July 1, 2011 to December 31, 2011.

Finding 2011-2

Type of Finding: Material weakness in internal control over preparation of the schedule of expenditures of federal awards.

Programs Affected: Overall.

Current Status: Remediated. MADD formalized procedures to review and evaluate funding received for potential federal awards and to ensure the accurate determination of award amounts and CFDA numbers to be included in the schedule.

Finding 2011-3

Type of Finding: Noncompliance and significant deficiency.

Compliance Requirement: Matching.

Programs Affected: Crime Victim Assistance – CFDA #16.575
Highway Safety Cluster – CFDA #20.600 and #20.601

Current Status: Remediated. MADD formalized procedures to review grant contracts to ensure all matching requirements were documented. In addition, additional training has been conducted to ensure match amounts are recorded properly. Several non-compliant grants have been brought into the National Office to be prepared and monitored by a better qualified staff.

Finding 2011-4

Type of Finding: Noncompliance and significant deficiency

Compliance Requirement: Reporting

Programs Affected: Overall

Current Status: In process. See current period finding 12-31-2011-1.



Lane Gorman Trubitt, PLLC
Accountants & Advisors

June 25, 2012

Audit Committee and Management
Mothers Against Drunk Driving

In planning and performing our audit of the financial statements of Mothers Against Drunk Driving ("MADD") as of and for the period from July 1, 2011 to December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered MADD's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MADD's internal control. Accordingly, we do not express an opinion on the effectiveness of MADD's internal control.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated June 25, 2012, on our consideration of MADD's internal control over financial reporting and on compliance and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. This letter does not affect our report dated June 25, 2012, on the financial statements of MADD.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of MADD's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraphs and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. As part of our audit, we performed procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they had been implemented. We also performed procedures to test the operating effectiveness of certain controls.

We identified a significant deficiency in internal control which is reported in the schedule of findings and questioned costs.

* * * * *

In addition, in accordance with *Government Auditing Standards*, we are required to report to you certain immaterial incidences of violations of the provisions of contract or grant agreements that we consider to be less than material, but more than inconsequential.

We noted the following instances of immaterial noncompliance which we wish to bring to your attention:

**APPROVAL OF VOLUNTEER TIMESHEETS USED TO REPORT
MATCHING REQUIREMENTS**

Observation

For one grant selected for testing, we noted that 9 out of 25 volunteer timesheets were not signed by a representative of MADD as required per review of the requirements of the grant document. Our follow up discussions with management indicate that procedures have been implemented requiring all volunteer timesheets to be signed by a supervisor.

**APPROVAL OF VOLUNTEER TIMESHEETS USED TO REPORT
MATCHING REQUIREMENTS MATCHING (Continued)**

Recommendation

We recommend MADD ensure that required documentation is assembled and maintained in accordance with the compliance requirements of the grant in order to avoid potential disallowed funding.

* * * * *

We also noted the following additional matter which we wish to bring to your attention:

TIMESHEET DOCUMENTATION

Observation

We noted inconsistencies in the physical and ADP EZ Labor timesheet documentation for MADD employees. In two out of 60 payroll disbursements tested, a portion of an employee's non-grant time was missing supervisor approval. In nine out of 60 payroll disbursements tested, the ADP EZ Labor timesheets were not complete and therefore did not agree to the physical timesheet. In other instances the ADP EZ Labor timesheets were missing supervisor approval and the physical timesheet had to be requested as alternate documentation. In one out of 60 payroll disbursements tested, we noted one employee inappropriately recorded grant time as non-grant time on the ADP EZ Labor timesheet.

We noted one request for reimbursement was calculated using the ADP EZ Labor timesheet. The total time worked on the physical timesheet did not agree to ADP EZ Labor timesheet, resulting in the grant being undercharged.

Recommendation

We recommend MADD implement a more standardized process to ensure that all ADP EZ Labor timesheets accurately reflect total time worked and are signed off by the appropriate supervisor in compliance with the grant compliance requirements and are available for review upon request.

We recommend the ADP EZ Labor timesheets are reconciled to the manual timesheets to ensure proper allocation of payroll expense between federal and non-federal time.

* * * * *

We have previously discussed our comments with management and would be pleased to discuss them further. Follow-up to ensure that the recommended procedures have been implemented will occur during the planning and fieldwork stages of the December 31, 2012 audit.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, and management of MADD and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

LANE GORMAN TRUBITT, PLLC

**Management's Corrective Action Plan for Current Year Management Letter Findings
Mothers Against Drunk Driving (MADD)
December 31, 2011**

**APPROVAL OF VOLUNTEER TIMESHEETS USED TO
REPORT MATCHING REQUIREMENTS**

Observation

For one grant selected for testing, we noted that 9 out of 25 volunteer timesheets were not signed by a representative of MADD as required per review of the requirements of the grant document. Our follow up discussions with management indicate that procedures have been implemented requiring all volunteer timesheets to be signed by a supervisor.

Recommendation

We recommend MADD ensure that required documentation is assembled and maintained in accordance with the compliance requirements of the grant in order to avoid potential disallowed funding.

Corrective Action Plan

MADD has implemented procedures that require all volunteer timesheets to be signed by a supervisor. In addition, regional accountants are to review the required documentation monthly before submission.

Name of Person Responsible for Corrective Action

Lista Hightower

Anticipated Completion Date

Corrective Action Plan has been completed.

* * * * *

TIMESHEET DOCUMENTATION

Observation

We noted inconsistencies in the physical and ADP EZ Labor timesheet documentation for MADD employees. In two out of 60 payroll disbursements tested, a portion of an employee's non-grant time was missing supervisor approval. In nine out of 60 payroll disbursements tested, the ADP EZ Labor timesheets were not complete and therefore did not agree to the physical timesheet. In other instances the ADP EZ Labor timesheets were missing supervisor approval and the physical timesheet had to be requested as alternate documentation. In one out of 60 payroll disbursements tested, we noted one employee inappropriately recorded grant time as non-grant time on the ADP EZ Labor timesheet.

We noted one request for reimbursement was calculated using the ADP EZ Labor timesheet. The total time worked on the physical timesheet did not agree to ADP EZ Labor timesheet, resulting in the grant being undercharged.

Recommendation

We recommend MADD implement a more standardized process to ensure that all ADP EZ Labor timesheets accurately reflect total time worked and are signed off by the appropriate supervisor in compliance with the grant compliance requirements and are available for review upon request.

We recommend the ADP EZ Labor timesheets are reconciled to the manual timesheets to ensure proper allocation of payroll expense between federal and non-federal time.

Corrective Action Plan

MADD has implemented procedures that require all regional accountants to reconcile the ADP EZ Labor timesheets to the physical timesheets, and to investigate any discrepancies before filing the reimbursement request. In addition, the regional accountants verify that all appropriate signatures are present.

Name of Person Responsible for Corrective Action

Lista Hightower

Anticipated Completion Date

Corrective Action Plan has been completed.